

Message Text

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70

ACTION EUR-12

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CINCLANT

USNATO 1469

C O N F I D E N T I A L REYKJAVIK 1028

E.O. 11652: GDS

TAGS: MARR, IC

SUBJECT: USE OF HANGARS AT NATO BASE

BEGIN UNCLASSIFIED.

1. LOCAL NEWSPAPER DURING USUAL SUMMER SILLY SEASON, IN ATTEMPT TO MAKE STORIES OUT OF GOI-BASE RELATIONSHIPS, HAS DREDGED UP NON-STORY REGARDING AIRCRAFT HANGARS AT BASE. SENSATIONAL DAILY DAGBLADID CLAIMS TO HAVE "DISCOVERED" THAT THREE HANGARS BUILT BY USG BECAME ICELANDIC PROPERTY IN 1946 ON DEPARTURE OF US FORCES. IF THESE HANGARS WERE RESTORED TO GOI CONTROL, IT SAID, CIVILIAN AIRCRAFT NOW BEING SENT ABROAD FOR OVERHAUL COULD REMAIN HERE AND JOBS WOULD BE PROVIDED FOR MECHANICS. ICELANDIC MECHANICS WORKING ABROAD COULD BE ATTRACTED BACK HOME.

2. BUILDING ENTHUSIASTICALLY ON THIS SMALL SAND CASTLE, HEAD OF MECHANICS UNION QUOTED FIGURES FOR GREAT SAVINGS WHICH WOULD RESULT FROM HAVING PLANES OVERHAULED LOCALLY AND SAID FOREIGN AIRLINES MIGHT ALSO BE ATTRACTED TO HAVING SERVICING WORK DONE HERE. SAID THAT UNDER AGREEMENT OF 1974, USG WAS OBLIGATED TO HAVE ICELANDERS REPLACE

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AMERICAN MILITARY PERSONNEL IN JOBS AT BASE AND,

THEREFORE, ICELANDIC MECHANICS SHOULD SERVICE US MILITARY PLANES. FORESAW POSSIBILITY OF BUILDING UP INDUSTRY EMPLOYING 4500 PEOPLE.

3. THORARINN THORARINSSON, ALTHING FOREIGN RELATIONS CHAIRMAN WROTE EDITORIAL IN PARTY NEWSPAPER TIMINN JULY 25 IN WHICH HE REFERRED TO RESOLUTION PASSED BY ALTHING URGING GOVERNMENT TO LOOK INTO POSSIBILITY OF AIRCRAFT MAINTENANCE IN ICELAND. SAID THAT SINCE RESOLUTION WAS PASSED, "IT HAS APPEARED PROBABLE THAT ICELAND OWN THREE BIG HANGARS AT KEFLAVIK WHICH COULD VERY WELL BE USED FOR REPAIR AND MAINTENANCE IN THE OPINION OF THE MECHANICS. THEREFORE, THERE IS THE OPPORTUNITY TO PUT INTO PRACTICE THIS RESOLUTION EARLIER THAN HAD BEEN EXPECTED. THIS IS CERTAINLY A MATTER OF GREAT INTEREST FOR AIRPLANE MECHANICS, THE AIRLINES AND THE ECONOMY AS A WHOLE."

4. WHEN AFTERNOON DAILY VISIR ASKED FORNMIN AGUSTSSON ABOUT POSSIBILITY OF MECHANICS TAKING OVER MAINTENANCE WORK FOR DEFENSE FORCE, AGUSTSSON QUOTED AS REPLYING, "THERE IS NOTHING BUT GOOD TO BE SAID ABOUT THIS IDEA BUT IT NEEDS FURTHER LOOKING INTO." HEAD OF MECHANICS UNION SAID HE HAD REQUESTED INTERVIEW WITH FORNMIN "TO DISCUSS HOW WE CAN BEST UTILIZE THE HANGARS AT KEFLAVIK." SAID FORNMIN HAD CONFIRMED TO HIM THAT THEY ARE ICELANDIC PROPERTY.

5. ONLY VOICE OF REASON ON THIS DREAM CLOUD WAS ICELANDIC CHAIRMAN OF DEFENSE COUNCIL WHO POINTED OUT TO PRESS THAT EVEN IF HANGARS WERE TECHNICALLY ICELANDIC PROPERTY, DEFENSE FORCE HAD MAINTAINED THEM FOR 25 YEARS AND IF THAT HAD NOT BEEN DONE, THEY WOULD BE UNUSABLE. SAID THAT EVEN IF THEY BELONGED TO GOI THAT DID NOT MEAN THEY WERE AUTOMATICALLY THE PROPERTY OF THE AIRLINES.

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6. THE HOPES OF DAMPENING SPIRITS BEFORE THEY GOT TOO HIGH, CHARGE DISCUSSED MATTER WITH HORDUR HELGASON, DEPSEC GEN OF MFA ON JULY 23, POINTING OUT THAT ALTHOUGH HANGARS IN QUESTION WERE RECOGNIZED

AS ICELANDIC PROPERTY UNDER AGREEMENT OF AUGUST 7, 1946, THEIR USE WAS AFFECTED BY ARTICLE 7 OF CONFIDENTIAL GENERAL ANNEX TO DEFENSE AGREEMENT OF MAY 5, 1951. IN

REFERRING TO PROPERTY WHICH HAD BECOME ICELANDIC, ARTICLE 7 STATES,"ICELAND AGREES THAT ALL SUCH PROPERTY WHICH SHALL UPON COMING INTO FORCE OF THIS AGREEMENT BE OWNED BY THE ICELANDIC GOVERNMENT OR ITS SUBDIVISIONS OR AGENCIES AND BE SITUATED UPON OR USED IN CONNECTION WITH OPERATIONS AT KEFLAVIK AIRPORT, AND ANY OTHER PROPERTY THEN SO OWNED AND SITUATED OR USED SHALL BE AVAILABLE FOR OCCUPANCY AND USE BY THE UNITED STATES FOR THE PURPOSES OF THIS AGREEMENT, WITHOUT CHARGE AND WITHOUT RESTRICTION EXCEPT AS PROVIDED IN THIS AGREEMENT."

7. CHARGE SAID THAT WHILE HANGARS WERE NOT PRESENTLY BEING USED FOR AIRCRAFT MAINTENANCE, THEY WERE CLEARLY IMPORTANT TO OPERATIONS OF IDF. SECONDLY, AGREEMENT OF 1974 SPECIFIED NUMBERS OF MILITARY PERSONNEL TO BE REDUCED BUT COULD NOT BE INTERPRETED TO REQUIRE USG TO ESTABLISH NEW INDUSTRIES IN ICELAND NOR TO REQUIRE SERVICING OF US MILITARY PLANES BY ICELANDERS. HELGASON WAS WELL AWARE OF CONTENTS OF ARTICLE 7 BUT SAID HE THOUGHT THAT "IF MATTER IS NOT TAKEN TOO SERIOUSLY, IT WILL GO AWAY."

8. REGRET TO SAY, WE FEAR OTHERWISE. PROCLIVITY OF FORNMIN FOR TELLING LISTENERS WHAT THEY WANT TO HEAR MAY CAUSE HIM TO ENCOURAGE MECHANICS IN HIS PLANNED MEETING WITH THEM. WE MAY THEN HAVE PROBLEM OF WHETHER CONTENTS OF ARTICLE 7 OF ANNEX CAN BE REVEALED.

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